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Thursday, December 29, 2005

Patents: the problem of gratuitous elements

Alas, from what I've seen so far of the *LabCorp v. Metabolite* briefs, they don't hit on the biggest problem in this area, namely the problem of gratuitous elements.

I have written about how software became patentable in the United States. In a nutshell, the forbidden category of algorithms became patentable because the trivial combination of (novel algorithhm + prior art patentable subject matter) was held by the Federal Circuit to be patentable subject matter. Thus, a good patent drafter could simply added a broad prior art element such as "a device with memory" to an algorithm to make it patentable. (All digital computers are devices with memory). Adding the gratuitous element did not add to the novelty or non-obviousness of the invention, but instead served to make the claim look like patentable subject matter.

In *LabCorp v. Metabolite*, the claim has the pattern (novel scientific discovery + prior art assay test). LabCorp's brief argues that the claim covers a "law of nature" and is thus unpatentable. But their main argument, following dicta in *Diehr*, that the claim covers all practical uses of the scientific discovery, is false. Scientists and doctors are still free to discuss the scientific discovery and use it in ways that don't involve the assay test. This severely cripples science and engineering involving the discovery without a license, but it doesn't 100% eliminate it as defendant Metabolite claims. The problem is that this supposed holding of *Diehr* combined with the use of gratuitous elements makes the subject matter restrictions of 35 U.S.C. 101 an effective nullity. Having failed to understand the problem of gratuitous elements, Metabolite is left without a good argument and the United States Patent system is left without any effective restrictions on what kinds of subject matter may be patented.

The problem of gratuitous elements is not confined to subject matter patentability. They also occur in damage calculations. It is now common for patent drafters to add gratuitous elements to patent claims to make them cover larger markets. An example, given by W. David Westergard, is that an inventor thinks of a new hinge for a door. The patent drafter then drafts the claim (novel hinge + prior art door). The jury is thus fooled into thinking that the patentee should be awarded damages for the lost profits on doors instead of just the lost profits on hinges. Indeed, Jeffrey G. Sheldon in *How To Write a Patent Application*, the bible of patent drafting, recommends this strategy, giving the example of claiming a toaster when all that has been invented is the toaster thermostat. "When negotiating a license or arguing damages before a jury, it would be better to work from a high royalty base that includes the entire toaster oven."

This problem of gratuitous elements used to inflate patent damage awards is particularly severe in modern electronic devices that can contain hundreds of patented parts or software. It is one of the big motivations behind the damage reform provision in the 2005 Patent Act, which hopefully will be revived and enacted (with some recommended changes, which I will post in the future) in 2006.

About Me

Nick Szabo

"A premier thinker about history, law and economics, and the lessons they have for security." -- Adam Shostack, Emergent Chaos

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